Company Registration No. 04349238

Arkadin (UK) Limited

Report and Financial Statements

31 December 2013

REPORT AND FINANCIAL STATEMENTS 2013

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REPORT AND FINANCIAL STATEMENTS 2013

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

O De Puymorin
O De Puymorin Mme
D Cusk

SECRETARY

P Willmott

REGISTERED OFFICE

3rd Floor
26-28 Hammersmith Grove
Hammersmith
London
W6 7HA

BANKERS

BNP Paribas
10 Harewood Avenue
London
NW1 6AA

SOLICITORS

SGH Martineau LLP
One America Square
Crosswall
London
EC3N 2SG

AUDITOR

Deloitte LLP
Reading
United Kingdom

Arkadin (UK) Limited

STRATEGIC REPORT

The directors present their Strategic report and the affairs of the group for the year ended 31 December 2013.

STRATEGIC REVIEW

Arkadin (UK) Ltd ("Arkadin") offers a complete range of integrated audio, web, video and Unified Communications solutions to businesses.

The directors are pleased to report the Arkadin profit before tax for the year was £2,105,398 (2012: £2,096,011) which they consider to be encouraging in the current economic conditions. The position of the company at the year end is set out in the balance sheet on page 7 and in the related notes on pages 8 - 14.

The company showed year on year revenue growth of 5% and operating profit remained similar to 2012 in a competitive market with falling margins

PRINCIPAL RISKS AND UNCERTAINTIES

Arkadin operates in a competitive market which is a continuing risk to the company. Arkadin manages this risk by constantly developing its services, delivering high quality products to its customers and focusing on careful cost management. The risk of losing key staff is mitigated by performance management and regular personnel reviews.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities expose it to a number of financial risks including cash flow risk and liquidity risk.

Cash flow risk

Arkadin mitigates its cash flow risk with careful cash management and forecasting.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables, operating lease receivables and investments. The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

KEY PERFORMANCE INDICATORS

Key Performance Indicators (KPIs) are in place and reviewed regularly. This includes monthly reporting of the Company's results to senior management, during a meeting at which further KPI's such as gross profit, net profit and earnings before interest and tax and performance matters are discussed and reviewed.

FUTURE DEVELOPMENTS

Arkadin expects to achieve revenue growth for the upcoming year. Drivers for the growth include the improving economy, the continued development of new services and an encouraging sales performance to date.

The directors have not presented a separate analysis of the strategy, objectives and business model of Arkadin as this is disclosed as part of the consolidated financial statements of Arkadin SAS which are publicly available.

Approved by the Board of Directors on 31st July 2014
and signed on behalf of the Board by:

Olivier De Puymorin
Director

DIRECTORS REPORT

DIVIDENDS AND RESULTS

The directors have declared and paid a final dividend for the year of £1,583,678 (2012: £1,310,076). The Company made a profit after tax of £1,611,698 (2012: £1,583,678).

	2013	2012
	£	£
Dividend per share	15.84	13.10

DIRECTORS

The directors during the year and to the date of this report were as follows:

O Puymorin
O Puymorin Mme
D Cusk

SUBSEQUENT EVENTS

Since the 21st January 2014, Arkadin has been a member of the NTT Communications Group, the International Communications and ICT Provider of NTT, delivering consultancy, architecture, security and cloud services.

GOING CONCERN

The current economic conditions are similar to last year and the company's revenues continue to grow. The Company has net assets and net current assets as set out in the balance sheet on page 7. The Company is also strongly profitable, and trading performance to the date of approval of these financial statements has continued to be profitable. The directors have a reasonable expectation that, despite the uncertainty created by the current economic conditions, the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis in preparing the annual report and accounts.

AUDITOR

Each of the persons who are directors at the date of approval of this report confirm that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 31st July 2014
and signed on behalf of the Board by:

Olivier De Puymorin
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARKADIN (UK) LIMITED

We have audited the financial statements of Arkadin (UK) Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the auditied financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

D Leslie

Duncan Leslie ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom
2 September 2014

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2013

	Note	2013 £	2012 £
TURNOVER	2	16,698,662	15,963,586
Cost of sales		(4,705,904)	(4,367,259)
Gross profit		11,992,758	11,596,327
Administrative expenses		(9,910,863)	(9,524,903)
OPERATING PROFIT		2,081,895	2,071,424
Interest receivable and similar income	4	23,503	24,587
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	2,105,398	2,096,011
Tax on profit on ordinary activities	6	(493,700)	(512,333)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	11	1,611,698	1,583,678

All amounts derive from continuing activities.

There have been no recognised gains and losses attributable to the shareholder other than the profit for the current and preceding financial periods and accordingly, no statement of total recognised gains and losses is shown.

Arkadin (UK) Limited

BALANCE SHEET
31 December 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Tangible assets	7	50,067	73,798
CURRENT ASSETS			
Debtors	8	4,861,502	3,791,241
Cash at bank and in hand		139,197	41,790
		5,000,699	3,833,031
CREDITORS: amounts falling due within one year	9	(3,339,068)	(2,223,151)
NET CURRENT ASSETS		1,661,631	1,609,880
NET ASSETS		1,711,698	1,683,678
CAPITAL AND RESERVES			
Called up share capital	10	100,000	100,000
Profit and loss current year		1,611,698	1,583,678
TOTAL SHAREHOLDER'S FUNDS	12	1,711,698	1,683,678

These financial statements were approved by the Board of Directors on 31st July 2014.

Signed on behalf of the Board of Directors by:

Olivier De Puymorin
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been consistently applied throughout the current and preceding financial years.

Accounting convention

The financial statements are prepared under the historical cost convention. The Company has taken exemption from the presentation of a cash flow statement in these financial statements under FRS1.

Going concern

The current economic conditions are similar to last year and there is still a strong level of demand for the Company's products. The Company has net assets and net current assets as set out in the balance sheet on page 7. The Company is also strongly profitable, and trading performance to the date of approval of these financial statements has continued to be profitable. The directors have a reasonable expectation that, despite the uncertainty created by the current economic conditions, the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its useful economic life, as follows:

Fixtures, fittings, tools and equipment	33%
Leasehold improvements	20%

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover is recognised when the related service is provided to the customer under agreed contractual terms.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

2. TURNOVER

The turnover and pre-tax profit is attributable to one activity, being the provision audio and data conferencing services to businesses. In the opinion of the directors, all such turnover arises with the UK and Ireland.

3. STAFF COSTS

	2013	2012
	£	£
Directors' remuneration		
Emoluments	259,750	581,700

None of the directors received any company contribution to a pension scheme.

No amounts, shares or benefits were received or are receivable by the directors in respect of qualifying services performed or under long term incentive schemes.

	2013	2012
	£	£
Highest paid director		
Emoluments	259,750	368,275

The average monthly number of employees (including executive directors) was:

	2013	2012
	No.	No.
Production	23	23
Sales and marketing	29	34
Administration	28	20
	80	77

	2013	2012
	£	£
Their aggregate remuneration comprised:		
Wages and salaries	5,135,208	4,755,260
Social security costs	640,142	584,540
Pension contributions (see note 17)	51,091	35,945
	5,826,441	5,375,745

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013	2012
	£	£
Interest on amounts due from group companies	23,722	24,587

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2013 £	2012 £
Depreciation of owned tangible fixed assets	47,847	95,208
Rentals under operating leases:		
Other operating leases	408,961	318,787
Auditor's remuneration		
Audit fees	28,000	25,500
Taxation	19,427	7,300

Other assurance services of £8,500 were provided to the company during the year by the companies auditors which were paid by a related group undertaking.

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

i) Analysis of charge in the year

	2013 £	2012 £
Current tax		
UK corporation tax on profits for the year	489,579	511,376
Overseas tax charge for the year	-	15,484
Prior year adjustment	-	(5,612)
Total current tax	489,579	521,248
Deferred tax		
Origination and reversal of timing differences	2,604	(9,547)
Prior year adjustment	1,517	632
Total deferred tax	4,121	(8,915)
Total tax on profit on ordinary activities	493,700	512,333

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2013 £	2012 £
Profit on ordinary activities before tax	2,105,398	2,096,011
Tax on profit on ordinary activities before tax at the standard UK corporation tax rate of 23.25% (2012: 24.5%)	489,505	513,465
Effects of:		
- Expenses not deductible for tax purposes	3,118	3,227
- Depreciation in excess of capital allowances	868	6,031
- Other timing differences	(3,912)	4,137
- Overprovision in respect of prior year	-	(5,612)
Current tax charge for the year	489,579	521,248

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

ii) Deferred taxation

The deferred taxation asset within debtors represents:

	2013 £	2012 £
Accelerated capital allowances	6,508	6,625
Short term timing differences	1,006	5,010
Deferred tax asset recognised	7,514	11,635

Analysis of deferred tax

The movement on this deferred tax asset was as follows:

	2013 £	2012 £
At 1 January	11,635	2,720
(Charged)/credited to the profit and loss account		
Depreciation in excess of capital allowances	746	5,662
Other timing differences	(3,350)	3,885
Prior year adjustment	(1,517)	(632)
	(4,121)	8,915
At 31 December	7,514	11,635

There are no un-provided deferred tax assets at the year end which have not been recognised due to uncertainty over the realisation of future profits against which to set the asset. The tax charge in future periods, and the recognition of any deferred tax asset, will be affected by the company's ability to generate taxable profits.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

7. TANGIBLE FIXED ASSETS

	Leasehold improve-ments £	Fixtures, fittings, tools and equipment £	Total £
Cost			
At 1 January 2012	89,912	381,652	471,564
Additions	-	24,116	24,116
At 31 December 2013	89,912	405,768	495,680
Accumulated depreciation			
At 1 January 2012	89,912	307,854	397,766
Charge for the year	-	47,847	47,847
At 31 December 2013	89,912	355,701	445,613
Net book value			
At 31 December 2013	-	50,067	50,067
At 31 December 2012	-	73,798	73,798

8. DEBTORS

	2013 £	2012 £
Trade debtors	2,708,474	3,090,707
Deferred tax asset (see note 6)	7,515	11,635
Prepayments and accrued income	578,802	118,730
Amounts owed by group undertakings	1,566,711	570,169
	4,861,502	3,791,241

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Trade creditors	385,872	695,224
Amounts owed to group undertakings	273,625	-
Other taxes and social security	419,021	418,819
Corporation tax	300,485	212,869
Accruals and deferred income	1,960,065	896,239
	3,339,068	2,223,151

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

10. CALLED UP SHARE CAPITAL

	2013	2012
	£	£
Called up, allotted and fully paid		
100,000 ordinary shares of £1 each	100,000	100,000

11. PROFIT AND LOSS ACCOUNT RESERVES

	2013	2012
	£	£
At 1 January	1,583,678	1,310,076
Profit for the year	1,611,698	1,583,678
Dividends paid	(1,583,678)	(1,310,076)
At 31 December	1,611,698	1,583,678

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013	2012
	£	£
Opening shareholders' funds	1,683,678	1,410,076
Profit for the year	1,611,698	1,583,678
Dividends paid	(1,583,678)	(1,310,076)
Closing shareholders' funds	1,711,698	1,683,678

13. FINANCIAL COMMITMENTS

The minimum annual rentals under operating leases at 31 December 2013 are as follows:

	Land and buildings	
	2013	2012
	£	£
Leases which expire:		
In less than one year	-	-
Within two to five years	380,250	348,562

There were no capital commitments at the financial year end.

14. CONTINGENT LIABILITIES

There were no contingent liabilities at the financial year end.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

15. ULTIMATE PARENT COMPANY

The Company's immediate and ultimate parent company is Arkadin SA, 153 Rue de Courcelles, 75017 Paris, France, a company incorporated in France. Arkadin SA produces consolidated financial statements, copies of which can be obtained from the above address.

No disclosure of transactions with group companies has been given in these financial statements, as permitted by the exemptions available under FRS 8 "Related Party Disclosures".

16. SUBSEQUENT EVENTS

Since the 21st January 2014, Arkadin has been a member of the NTT Communications Group, the International Communications and ICT Provider of NTT, delivering consultancy, architecture, security and cloud services.

17. PENSION

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £51,091 (2012: £35,945). Contributions of £15,055 were outstanding at 31 December 2013 (2012: £9,811).